

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Freedom Pipeline,)
LLC, for Approval of Its Sales For Resale Customer) Docket No. 23-FRPG-_461-CON
Contracts.)

DIRECT TESTIMONY OF RICHARD L. HANSON
ON BEHALF OF FREEDOM PIPELINE, LLC

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS LOCATION**
2 **FOR THE RECORD.**

3 A. My name is Richard L. Hanson. I own Hanson Engineering, L.C., based in Liberal, Kansas.

4 **Q. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**
5 **PROFESSIONAL EXPERIENCE.**

6 A. I received a bachelor's degree in chemical engineering from Kansas State University in
7 1973. I have been a licensed professional engineer in the State of Kansas since 1980. I have
8 provided engineering and consulting services related to the production, transportation,
9 compression, treating, processing, and distribution of natural gas since 1980. Prior to my
10 work with the non-profit utilities ("NPU's"), I had 17 years of engineering design and
11 management of Anadarko's Hugoton Field gathering/delivery system and gas processing
12 plants, overseeing approximately 400 natural gas wells. This included between 50 and 100
13 miles of high-pressure transmission lines.

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. The purpose of my testimony is to provide background information on the existing capacity
16 available for non-affiliated customers of Freedom Pipeline (FPL). I will discuss the

1 likelihood of FPL gaining new load and the types of costs to be incurred in the event a new
2 customer seeks to interconnect with the FPL system. Finally, I will discuss factors that may
3 significantly impact the operating margin of FPL.

4 **Q. PLEASE DESCRIBE YOUR ROLE IN THE DEVELOPMENT OF FREEDOM**
5 **PIPELINE.**

6 A. My firm was responsible for the design and construction oversight of the Freedom Pipeline.
7 This included gathering information to enable prediction of future loads of the members of
8 Freedom Pipeline, planning the route, designing, ordering and supervising construction of
9 the pipeline, and regulation and measurement facilities of the pipeline. It included dealing
10 with the sources of supply for the gas that we purchase, so that we could interface with and
11 connect to our pipeline gas sources. It included preparing a bid package and selecting
12 construction contractors, plus specifying and procuring all materials necessary to construct
13 the pipeline. Finally, it included testing, commissioning and start up of the pipeline.

14 **Q. WAS THE FREEDOM SYSTEM DEVELOPED WITH THE INTENT OF**
15 **SERVING THE NEEDS OF ITS CUSTOMER-OWNERS AS WELL AS**
16 **PROVIDING WHOLESALE SERVICE TO BLACK HILLS IN ORDER TO**
17 **SERVE THE MOSCOW COMMUNITY AT THE LOWEST POSSIBLE SYSTEM**
18 **COST?**

19 A. Yes. The system's capacity was designed to serve the load of Freedom's customer- owners
20 and Black Hills for its Moscow service. The system was not designed with the intent of
21 having significant excess capacity necessary to serve additional future load.

22 **Q. WHAT IS THE CURRENT CAPACITY OF THE FREEDOM SYSTEM?**

1 A. The current capacity of the Freedom system is approximately 4,700-4,800 MCF/day. This
2 capacity is a function of two factors - the size of the Freedom pipeline and the operating
3 pressure of Freedom's upstream supplier, Black Hills.

4 **Q. WHAT IS THE PEAK-DAY USAGE ON THE FREEDOM SYSTEM?**

5 A. The peak day usage on the system is approximately 4,600 MCF/day.

6 **Q. WHAT IS THE ESTIMATED AVAILABLE SUMMER CAPACITY ON THE**
7 **FREEDOM SYSTEM?**

8 A. While it is difficult to identify a precise number, I estimate the system could serve an
9 additional peak day load of 100 – 200 MCF.

10 **Q. WHAT IS THE ANTICIPATED TOTAL AND SUMMER LOADS THAT MAY**
11 **OCCUR IN THE FUTURE TO PROVIDE WHOLESALE SERVICE TO BLACK**
12 **HILLS?**

13 A. Importantly, Black Hills' Moscow load will be a winter-peaking load with summer
14 demands of approximately 100 MCF/day, with an additional winter load of approximately
15 500 MCF/day. Freedom is a summer-peaking system; thus the load profile of Moscow will
16 add a very small burden on the peak day demands of the Freedom system. Freedom will be
17 able to accommodate the additional Moscow load as envisioned in the Settlement
18 Agreement in Docket No. 14-FRPG-599-COC.

19 **Q. IS THE FREEDOM SYSTEM ABLE TO ADD A SIGNIFICANT ADDITIONAL**
20 **LOAD EVEN IF ONE MATERIALIZED?**

21 A. No. Freedom cannot currently accommodate any significant incremental load in the
22 summer.

1 **Q. IN YOUR OPINION IS FREEDOM LIKELY TO GET REQUESTS FOR SERVICE**
2 **FROM NEW CUSTOMERS?**

3 A. No. The natural gas load in the geographic area served by Freedom is driven by irrigation
4 farming. There are regulatory restrictions in place that nearly prohibit the expansion of
5 irrigation for agricultural use. Therefore, even if Freedom had available capacity, the
6 opportunity for new customer load growth is minimal.

7 **Q. IF A NEW CUSTOMER SEEKS TO OBTAIN SERVICE DIRECTLY FROM**
8 **FREEDOM, WHAT TYPES OF COSTS WOULD THE NEW CUSTOMER INCUR**
9 **TO INITIATE SERVICE?**

10 A. The new customer would be required to pay for the interconnection into the Freedom
11 system, the costs to acquire and install an electronic flow measurement device with a
12 cellular modem, excavation related work, engineering and construction supervision, and
13 legal costs. The interconnection will likely be done on a 'hot' system and involve an
14 intricate process necessary to safely make the installation, while also maintaining service.

15 **Q. WHAT ABOUT DISTANCE TO THE FREEDOM PIPELINE? ARE MOST**
16 **CUSTOMERS GOING TO BE LOCATED CLOSER TO BLACK HILLS**
17 **FACILITIES AND MORE LIKELY TO SEEK SERVICE THERE?**

18 A. If a customer is significantly closer to Black Hills than to Freedom Pipeline, they would
19 have to consider the additional expense to lay a line to Freedom Pipeline. If it is for a small
20 quantity of gas, there may be little financial incentive to justify a lot of expense in building
21 pipeline facilities. It would mostly be driven by location, but in the area where Freedom is
22 located, there are very few irrigators who are not already connected to the NPUs that own

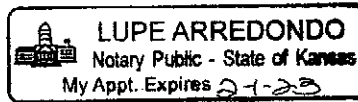
1 Freedom. Those who aren't are very few and are most likely connected to some other
2 source of gas already.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes.**

VERIFICATION

STATE OF KANSAS)
) SS
COUNTY OF Sevier)



The undersigned, Richard Hanson, upon oath first duly sworn, states that he is a consultant for Freedom Pipeline, LLC, that he has reviewed the foregoing *Direct Testimony*, that he is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of his knowledge and belief.

Richard T. Hanson
Richard Hanson

Subscribed and sworn to before me this 9th day of November 2022.

[Signature]
Notary Public

My appointment expires: 2-1-2023

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the foregoing *Direct Testimony* was electronically served this 14th day of November, 2022 to:

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/s/ Glenda Cafer

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